



CITY OF PUYALLUP

Office of the Mayor

April 26, 2012

The Honorable Christine Gregoire
Governor of the State of Washington
P.O. Box 40002
Olympia, WA 98504-0002

RE: Request to veto portions of **Engrossed Substitute House Bill 2823**

Dear Governor Gregoire:

The City of Puyallup has appreciated your leadership on significant fiscal issues facing our state. We ask that you veto certain sections of Engrossed Substitute House Bill 2823 that would result in either long-term or permanent shifts of funds intended for local governments.

Of specific concern to us are Section 4 and Section 2 of ESHB 2823. Section 4 would permanently re-direct \$10 million per year from local government liquor excise tax distributions into the general fund. Section 2 would trigger a re-direction of solid waste taxes that currently go into the Public Works Assistance Account (PWAA), shifting those tax proceeds entirely through 2015 and then re-directing one-half of them from 2016 through 2018.

With respect to Section 4, the \$10 million per year shift of liquor excise tax revenues would have the effect of nullifying a \$10 million per year *increase* in liquor revenues that was strategically crafted and promoted as a part of Initiative 1183. In seeking voter approval of their initiative, I-1183's supporters claimed that the initiative would result in additional revenues for local public safety.

This promise to our state's electorate must be kept. We are additionally concerned that Section 4 of ESHB 2823 could undercut public safety and local law enforcement efforts. On June 1st when Washington state officially transitions to a privatized liquor retail system, the impacts of moving from 400 liquor stores to 1,400 or more will fall almost exclusively on the shoulders of local law enforcement. Assessing results and playing catch-up after the fact won't work. We know this change is coming, and whatever its impacts are, we need to be ready to address them immediately.

A final concern we wish to convey with Section 4 of 2823 is its fiscal impact on cities such as ours that have relied on shared liquor revenues for 70+ years. The City of Puyallup has already reduced its workforce and made numerous budget cuts over the past few years. Because most revenue sources do not generate the same amount of funds as they once did, we count on each and every one to ensure the provision of necessary public services at the local level.

Governor, we suggest it would be prudent for you to veto Section 4 of ESHB 2823, pending the outcome of the work product of a joint select committee established under Sections 101-102 of the supplemental operating budget bill. One of the tasks the joint select committee will assume is to review the impact of I-1183 on local public safety needs for the purpose of devising a sustainable plan for the use of excess liquor revenues. Why re-direct local liquor revenues before that committee has had a chance to do its work and make its recommendations?

Finally, Governor, we ask for your help on Section 2 of ESHB 2823, which would shift half or all of the solid waste taxes that go into the PWAA through 2018. As you know, the Public Works Assistance Account finances the Public Works Trust Fund, which helps fund critical local infrastructure needs. The amount of funds available for low-interest loan already falls far short of accommodating the large number of qualifying projects. If you can, we ask that you help remedy this situation rather than make it worse.

Governor, thank you for your consideration of our request. We ask that you execute the Section 4 and Section 2 vetoes of ESHB 2823 consistent with your comments at a city legislative action conference earlier this year where you signaled your willingness to examine making local "state-shared revenue" cuts temporary in nature.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Hansen', with a long horizontal line extending to the right.

Rick Hansen
Mayor, City of Puyallup